

Transportation

Local Transportation Aid

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LFB Summary Items for Which Issue Papers Have Been Prepared

<u>Item #</u>	<u>Title</u>
1	General Transportation Aid -- Funding Level (Paper #830)
2	Mass Transit Operating Assistance -- Funding Level (Paper #831)
4	Elderly and Disabled Transportation Assistance (Paper #832)
5	Lift Bridge Aid (Paper #833)

To: Joint Committee on Finance
From: Bob Lang, Director
Legislative Fiscal Bureau

ISSUE

General Transportation Aid -- Funding Level (DOT -- Local Transportation Aid)

[LFB Summary: Page 588, #1]

CURRENT LAW

Base funding for general transportation aid is \$288,634,000 SEG (\$219,018,600 for municipalities and \$69,615,400 for counties). Municipalities receive the greater of the amounts calculated under the share of costs and rate per mile formulas. The aid rate per mile is set at \$1,432 for 1997 and thereafter. Counties receive aid based on the share of costs formula.

GOVERNOR

Provide \$4,265,500 SEG annually for general transportation aid as follows: (a) \$1,028,800 annually for county aid to provide a total of \$70,644,200 in each year of the biennium; and (b) \$3,236,700 annually for municipal aid to provide a total of \$222,255,300 in each year of the biennium. Retain the 1997 minimum aid rate of \$1,432 per mile for municipalities for 1998 and 1999.

DISCUSSION POINTS

1. General transportation aid is paid to local governments to assist in the maintenance, improvement and construction of local roads. The current transportation aid formula was created in 1988. Through 1993, all municipalities and counties were paid from the same appropriation. Effective in 1994, separate appropriations were created for counties and municipalities.

2. The bill would fully fund the last half of 1997 calendar year payments and continue the 1997 payment levels (\$70,644,200 for counties and \$222,255,300 for municipalities) for calendar years 1998 and 1999. The bill would retain the 1997 minimum aid rate of \$1,432 per mile for municipalities for 1998 and 1999.

3. During 1997, counties will receive aid at 26.6% of eligible costs and municipalities will receive aid at 20.8% of eligible costs. DOT has estimated that eligible costs for both counties and municipalities will increase by 5% annually in 1998 and 1999. Thus, under the bill, it is estimated that counties' share of costs will decrease to 25.3% in 1998 and 24.2% in 1999, while the share of costs for municipalities would decrease to an estimated 19.8% in 1998 and 19.1% in 1999. The following table shows the estimated share of costs for calendar year 1998 at various percentage increases in funding.

<u>Percentage Increase in Aid</u>	<u>Estimated 1998 Share of Costs</u>	
	<u>Counties</u>	<u>Municipalities</u>
1%	25.6%	20.1%
2	25.9	20.3
3	26.2	20.6
4	26.5	20.8
5	26.7	21.0

4. Dissatisfaction has been expressed with the declining share of costs aid percentage. From 1991 through 1997, it has dropped from 30.1% to 26.6% for counties and from 24.1% to 20.8% for municipalities. However, a major factor contributing to this decline has been local cost increases in excess of inflation. Over this period, increases in the consumer price index have totaled 20%, while aidable expenditures have increased by 36% and funding for general transportation aid increased by approximately 27%.

5. One issue to consider when selecting a funding policy is whether a cost-sharing percentage should control appropriation decisions or whether appropriation decisions should be made based on overall budgetary goals, with the cost-sharing percentage changing from year to year based on these goals.

6. Based on the forecast of the economy by DRI/McGraw-Hill, providing inflationary increases of 2.8% in 1998 and 3.0% in 1999 would allow transportation aid to be maintained at the same real level. The amount of funding necessary to provide such increases is estimated to be \$8,366,100 in 1997-98 and \$16,983,200 in 1998-99. Compared to the bill, this would represent increases of \$4,100,600 in 1997-98 and \$12,717,700 in 1998-99. Further, the rate per mile would increase to \$1,472 in 1998 and \$1,516 in 1999 under a proposal to provide inflationary increases.

ALTERNATIVES TO BASE

1. Adopt the Governor's recommendation to provide \$4,265,500 SEG annually and to retain the calendar year distributions at \$70,644,200 for counties and \$222,255,300 for municipalities for 1998 and 1999 and thereafter. Retain the current \$1,432 minimum aid rate per mile for 1998 and 1999 and thereafter.

<u>Alternative 1</u>	<u>SEG</u>
1997-99 FUNDING (Change to Base)	\$8,531,000
[Change to Bill]	\$0

2. Provide \$8,366,100 SEG in 1997-98 and \$16,983,200 SEG in 1998-99 to fund increases in the calendar year distributions for both counties and municipalities equal to 2.8% in 1998 and 3.0% in 1999. In addition, set the minimum aid rate per mile at \$1,472 in 1998 and \$1,516 in 1999 and thereafter.

<u>Alternative 2</u>	<u>SEG</u>
1997-99 FUNDING (Change to Base)	\$25,349,300
[Change to Bill]	\$16,818,300

3. Provide annual general transportation aid increases for 1998 and 1999 at one of the following percentages. Set the county and municipal distributions, establish the minimum aid rate per mile and increase the general transportation aid appropriation as shown below.

% Annual Increase in Aid	Calendar Year County Distribution		SEG Change to Base		SEG Change to Bill	
	1998	1999	1997-98	1998-99	1997-98	1998-99
a. 1.0%	\$71,350,600	\$72,064,100	\$1,382,000	\$2,092,000	\$353,200	\$1,063,200
b. 2.0%	72,057,100	73,498,200	1,735,300	3,162,300	706,500	2,133,500
c. 3.0%	72,763,500	74,946,400	2,088,500	4,239,600	1,059,700	3,210,800
d. 4.0%	73,470,000	76,408,800	2,441,700	5,324,000	1,412,900	4,295,200
e. 5.0%	74,176,400	77,885,200	2,794,900	6,415,400	1,766,100	5,386,600

% Annual Increase in Aid	Calendar Year Municipal Distribution		Calendar Year Rate Per Mile		SEG Change to Base		SEG Change to Bill	
	1998	1999	1998	1999	1997-98	1998-99	1997-98	1998-99
f. 1.0%	\$224,477,900	\$226,722,700	\$1,446	\$1,461	\$4,348,000	\$6,581,700	\$1,111,300	\$3,345,000
g. 2.0%	226,700,400	231,234,400	1,461	1,490	5,459,300	9,948,800	2,222,600	6,712,100
h. 3.0%	228,923,000	235,790,700	1,475	1,519	6,570,600	13,338,300	3,333,900	10,101,600
i. 4.0%	231,145,500	240,391,300	1,489	1,549	7,681,800	16,749,800	4,445,100	13,513,100
j. 5.0%	233,368,100	245,036,500	1,504	1,579	8,793,100	20,183,700	5,556,400	16,947,000

Prepared by: Cheryl McIlquham

MO# _____

BURKE	Y	N	A
DECKER	Y	N	A
GEORGE	Y	N	A
JAUCH	Y	N	A
WINEKE	Y	N	A
SHIBILSKI	Y	N	A
COWLES	Y	N	A
PANZER	Y	N	A
JENSEN	Y	N	A
OURADA	Y	N	A
HARSDORF	Y	N	A
ALBERS	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
LINTON	Y	N	A
COGGS	Y	N	A

AYE _____ NO _____ ABS _____

To: Joint Committee on Finance

From: Bob Lang, Director
Legislative Fiscal Bureau

ISSUE

Mass Transit Operating Assistance -- Funding Level (DOT -- Local Transportation Aid)

[LFB Summary: Page 588, #2]

CURRENT LAW

Base level funding for mass transit operating assistance is \$74,605,400 SEG. Current law requires distributions to the five tiers of systems so that the total state and federal aid equals a uniform percentage of operating expenses for each system within a tier. The 1997 contract amounts for each tier are as follows: (a) \$44,425,700 for Tier I (Milwaukee County, including Milwaukee user-side subsidy); (b) \$11,218,500 for Tier II (City of Madison); (c) \$2,251,000 for Tier III (Waukesha County, the City of Waukesha and Monona); (d) \$13,989,900 for Tier IV (all other urban bus, Chippewa Falls and Onalaska); and (e) \$4,386,600 for Tier V (all remaining systems).

GOVERNOR

Increase funding by \$1,666,300 SEG annually as follows to fully fund the 1997 calendar year allocations for each tier and to continue the 1997 payment levels for calendar years 1998 and 1999: (a) \$970,500 for Tier I; (b) \$245,100 for Tier II; (c) \$49,200 for Tier III; (d) \$305,600 for Tier IV; and (e) \$95,900 for Tier V.

DISCUSSION POINTS

1. In the 1995-97 transportation budget bill, the Governor recommended establishing a three-tiered system to replace the previous formula. During legislative consideration of the transportation budget, the number of tiers was expanded from three to five in order to target aid levels more directly for the larger systems. In addition, calendar year distributions for each tier were added to the statutes.

2. The Governor's recommendation would continue the current five tier structure.

3. Under the current formula, the combined state/federal aid rate fluctuates based on the level of funding provided. The following table provides, for each tier, the state share of operating expenses and combined state/federal share of operating expenses under 1997 contracts.

	<u>State Share</u>	<u>Combined State and Federal Share</u>
Tier I (Milwaukee County/User-Side Subsidy)	44.6%	47.0%
Tier II (Madison)	44.1	45.9
Tier III (Waukesha City/County and Monona)	42.5	46.2
Tier IV (Other Urbanized Areas)	41.3	52.9
Tier V (Non-Urbanized Areas)	37.2	66.2

4. Assuming 3.5% annual increases in operating expenses, the amount of funding necessary to maintain the 1997 state aid percentage reimbursement levels is estimated to be \$2,333,700 in 1997-98 and \$5,026,400 in 1998-99. Compared to the bill, this would represent funding increases of \$667,400 in 1997-98 and \$3,360,100 in 1998-99.

5. Based on a forecast of the economy by DRI/McGraw-Hill, general inflation is projected to be 2.8% in 1998 and 3.0% in 1999. The amount of funding necessary to provide inflationary increases in the calendar year distribution for mass transit is estimated to be \$2,200,200 in 1997-98 and \$4,389,900 in 1998-99. Compared to the bill, this would represent funding increases of \$533,900 in 1997-98 and \$2,723,600 in 1998-99.

6. The final report of the Transit Advisory Council, which was established in response to provisions of 1995 Act 113, includes a recommendation for establishing a three-tiered, state aid distribution method based on a set statutory percentage of operating expenses. The rationale for the set statutory percentage recommendation is based on the argument that a set percentage, regardless of the amount, adds an element of predictability for transit operators as they determine their budgets. Under this recommendation, federal funding levels would be considered, but would not be directly tied to the amount of state aid provided. The Council's recommendations do not include specific statutory state aid percentages.

7. The Transit Advisory Council's report suggests the following three-tier structure: (a) Tier I would include Milwaukee and Madison; (b) Tier II would include all bus systems operating in urbanized areas with populations of less than 200,000 and the Waukesha city and county systems; and (c) Tier III would include all bus systems operating in non-urbanized areas (population less than 50,000) and all shared-ride taxi systems.

8. The Wisconsin Urban Transit Association (WUTA) has also suggested a three-tier system and has made specific recommendations regarding the statutory state aid percentage of operating expenses. The three-tiers and state aid percentages recommended by WUTA are as follows: (a) urban areas over 200,000 in population (Milwaukee and Madison) at a 45% state aid level; (b) systems operating in areas between 50,000 and 200,000 in population and the City of Waukesha at a 47.5% state aid level; and (c) systems operating in areas under 50,000 in population at a 50% state aid level.

9. Considerable debate has occurred since the mass transit tiered structure was originally introduced in the 1995-97 biennial budget session with regard to whether the appropriate tier placement for the City of Waukesha system is with the larger systems of Milwaukee and Madison or with the mid-size systems (which include, for instance, Appleton, Green Bay, Kenosha and Racine). Under the current five-tier system, the City of Waukesha system is in a tier separate from either of these groups. This issue becomes important in the context of considering recommendations to convert to a three-tier system.

10. The arguments for including the Waukesha systems (city and county) in a tier with Milwaukee and Madison include:

- federal aid apportionments for mass transit include Waukesha in the Milwaukee urbanized area and thus, federal aid for Waukesha is received by the Southeastern Wisconsin Regional Planning Commission (SEWRPC), the entity responsible for administering federal aid in the Milwaukee urbanized area; and

- this structure promotes a regional approach to mass transit in the Milwaukee urbanized area.

11. WUTA, and other proponents of placing Waukesha in a tier with the mid-size bus systems, argue that the City of Waukesha system is more like the other systems outside of Milwaukee County in southeastern Wisconsin (Kenosha and Racine) and should be placed with these systems of more similar size and characteristics.

ALTERNATIVES TO BASE

Funding Under Current Five-Tier System

1. Maintain the current five-tier system and provide funding at one of the following levels:

a. Adopt the Governor's recommendation to provide \$1,666,300 SEG annually as follows to fully fund the 1997 calendar year allocations for each tier and to continue the 1997 payment levels for calendar years 1998 and 1999: (a) \$970,500 for Tier I; (b) \$245,100 for Tier II; (c) \$49,200 for Tier III; (d) \$305,600 for Tier IV; and (e) \$95,900 for Tier V.

<u>Alternative 1a</u>	<u>SEG</u>
1997-99 FUNDING (Change to Base)	\$3,332,600
[Change to Bill]	\$0]

b. Provide \$2,200,200 SEG in 1997-98 and \$4,389,900 SEG in 1998-99 as follows to provide inflationary increases in the calendar year distributions equal to 2.8% in 1998 and 3.0% in 1999: (a) \$1,281,500 in 1997-98 and \$2,556,900 in 1998-99 for Tier I; (b) \$323,600 in 1997-98 and \$645,700 in 1998-99 for Tier II; (c) \$65,000 in 1997-98 and \$129,600 in 1998-99 for Tier III; (d) \$403,500 in 1997-98 and \$805,200 in 1998-99 for Tier IV; and (e) \$126,600 in 1997-98 and \$252,500 in 1998-99 for Tier V.

<u>Alternative 1b</u>	<u>SEG</u>
1997-99 FUNDING (Change to Base)	\$6,590,100
[Change to Bill]	\$3,257,500]

c. Provide \$2,333,700 SEG in 1997-98 and \$5,026,400 SEG in 1998-99 as follows to maintain the estimated calendar year 1997 state share of operating costs in 1998 and 1999: (a) \$1,359,200 in 1997-98 and \$2,927,700 in 1998-99 for Tier I; (b) \$343,300 in 1997-98 and \$739,300 in 1998-99 for Tier II; (c) \$68,900 in 1997-98 and \$148,400 in 1998-99 for Tier III; (d) \$428,000 in 1997-98 and \$921,900 in 1998-99 for Tier IV; and (e) \$134,300 in 1997-98 and \$289,100 in 1998-99 for Tier V. Increase the calendar year distributions for each tier by 3.5% annually for 1998 and 1999.

<u>Alternative 1c</u>	<u>SEG</u>
1997-99 FUNDING (Change to Base)	\$7,360,100
[Change to Bill]	\$4,027,500]

d. Provide one of the following percentage annual increases in calendar year funding.

	Calendar Year		Change to Base		Change to Bill	
	Distribution Amounts					
	1998	1999	1997-98	1998-99	1997-98	1998-99
1. One Percent						
Tier I	\$44,870,000	\$45,318,700	\$1,081,600	\$1,527,000	\$111,100	\$556,500
Tier II	11,330,700	11,444,000	273,200	385,600	28,100	140,500
Tier III	2,273,500	2,296,200	54,800	77,400	5,600	28,200
Tier IV	14,129,800	14,271,100	340,600	480,800	35,000	175,200
Tier V	<u>4,430,500</u>	<u>4,474,800</u>	<u>106,900</u>	<u>150,900</u>	<u>11,000</u>	<u>55,000</u>
Total	\$77,034,500	\$77,804,800	\$1,857,100	\$2,621,700	\$190,800	\$955,400
2. Two Percent						
Tier I	\$45,314,200	\$46,220,500	\$1,192,600	\$2,085,600	\$222,100	\$1,115,100
Tier II	11,442,900	11,671,800	301,200	526,700	56,100	281,600
Tier III	2,296,000	2,341,900	60,500	105,700	11,300	56,500
Tier IV	14,269,700	14,555,100	375,600	656,800	70,000	351,200
Tier V	<u>4,474,300</u>	<u>4,563,800</u>	<u>117,800</u>	<u>206,000</u>	<u>21,900</u>	<u>110,100</u>
Total	\$77,797,100	\$79,353,100	\$2,047,700	\$3,580,800	\$381,400	\$1,914,500
3. Three Percent						
Tier I	\$45,758,500	\$47,131,300	\$1,303,700	\$2,646,500	\$333,200	\$1,676,000
Tier II	11,555,100	11,901,800	329,300	668,400	84,200	423,300
Tier III	2,318,500	2,388,100	66,100	134,100	16,900	84,900
Tier IV	14,409,600	14,841,900	410,500	833,400	104,900	527,800
Tier V	<u>4,518,200</u>	<u>4,653,700</u>	<u>128,800</u>	<u>261,400</u>	<u>32,900</u>	<u>165,500</u>
Total	\$78,559,900	\$80,916,800	\$2,238,400	\$4,543,800	\$572,100	\$2,877,500
4. Four Percent						
Tier I	\$46,202,700	\$48,050,800	\$1,414,800	\$3,209,500	\$444,300	\$2,239,000
Tier II	11,667,200	12,133,900	357,300	810,500	112,200	565,400
Tier III	2,341,000	2,434,600	71,700	162,600	22,500	113,400
Tier IV	14,549,500	15,131,500	445,500	1,010,700	139,900	705,100
Tier V	<u>4,562,100</u>	<u>4,744,600</u>	<u>139,800</u>	<u>317,000</u>	<u>43,900</u>	<u>221,100</u>
Total	\$79,322,500	\$82,495,400	\$2,429,100	\$5,510,300	\$762,800	\$3,844,000
5. Five Percent						
Tier I	\$46,647,000	\$48,979,400	\$1,525,800	\$3,774,900	\$555,300	\$2,804,400
Tier II	11,779,400	12,368,400	385,300	953,300	140,200	708,200
Tier III	2,363,600	2,481,800	77,400	191,400	28,200	142,200
Tier IV	14,689,400	15,423,900	480,500	1,188,700	174,900	883,100
Tier V	<u>4,605,900</u>	<u>4,836,200</u>	<u>150,700</u>	<u>372,800</u>	<u>54,800</u>	<u>276,900</u>
Total	\$80,085,300	\$84,089,700	\$2,619,700	\$6,481,100	\$953,400	\$4,814,800

Funding Under Three-Tier Formula with Waukesha and Monona in Tier I with Large Systems

2. Delete the current five-tier system and replace it with a three-tier system as follows, effective with 1998 payments: (a) Milwaukee County/User-Side Subsidy, Madison, Waukesha City and County and Monona (Tiers I, II and III under current law) in Tier I; (b) all other urban bus and Chippewa Falls and Onalaska shared-ride taxi systems (current Tier IV) in Tier II; and (c) all remaining systems (current Tier V) in Tier III. Provide funding at one of the following levels (funding increases for 1997-98 would be split between the old and new tier structures based on calendar year distributions):

a. Provide \$1,666,300 SEG annually as follows to fully fund the 1997 calendar year allocations for each tier and to continue the 1997 payment levels for calendar years 1998 and 1999: (a) \$1,264,800 for Tier I; (b) \$305,600 for Tier II; (c) \$95,900 for Tier III.

<u>Alternative 2a</u>	<u>SEG</u>
1997-99 FUNDING (Change to Base)	\$3,332,600
[Change to Bill]	\$0]

b. Provide \$2,200,200 SEG in 1997-98 and \$4,390,000 SEG in 1998-99 as follows to provide inflationary increases in the calendar year distributions equal to 2.8% in 1998 and 3.0% in 1999: (a) \$1,670,100 in 1997-98 and \$3,332,300 in 1998-99 for Tier I; (b) \$403,500 in 1997-98 and \$805,200 in 1998-99 for Tier II; and (c) \$126,600 in 1997-98 and \$252,500 in 1998-99 for Tier III.

<u>Alternative 2b</u>	<u>SEG</u>
1997-99 FUNDING (Change to Base)	\$6,590,200
[Change to Bill]	\$3,257,600]

c. Provide \$2,333,700 SEG in 1997-98 and \$5,026,400 SEG in 1998-99 as follows to maintain the estimated calendar year 1997 state share of operating costs in 1998 and 1999: (a) \$1,771,400 in 1997-98 and \$3,815,400 in 1998-99 for Tier I; (b) \$428,000 in 1997-98 and \$921,900 in 1998-99 for Tier II; and (c) \$134,300 in 1997-98 and \$289,100 in 1998-99 for Tier III. Increase the calendar year distributions for each tier by 3.5% annually for 1998 and 1999.

<u>Alternative 2c</u>	<u>SEG</u>
1997-99 FUNDING (Change to Base)	\$7,360,100
[Change to Bill]	\$4,027,500]

d. Provide \$3,462,200 SEG in 1997-98 and \$9,579,900 SEG in 1998-99 as follows to provide the following estimated state share of operating costs: (a) 45.0% for Tier I (\$1,966,400 in 1997-98 and \$4,602,100 in 1998-99); (b) 47.5% for Tier II (\$972,700 in 1997-98 and \$3,119,900 in 1998-99); and (c) 50.0% for Tier III (\$523,100 in 1997-98 and \$1,857,900 in 1998-99). Replace the current distribution formula (based on combined state and federal aid) with a formula based on providing state aid at fixed percentages of operating expenses, using the percentages identified above for each tier.

<u>Alternative 2d</u>	<u>SEG</u>
1997-99 FUNDING (Change to Base)	\$13,042,100
[Change to Bill]	\$9,709,500]

e. Provide one of the following percentage annual increases in calendar year funding.

	<u>Calendar Year</u>		<u>Change to Base</u>		<u>Change to Bill</u>	
	<u>Distribution Amounts</u>					
	<u>1998</u>	<u>1999</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1997-98</u>	<u>1998-99</u>
1. One Percent						
Tier I	\$58,474,200	\$59,058,900	\$1,409,600	\$1,990,000	4144,800	\$725,200
Tier II	14,129,800	14,271,100	340,600	480,800	35,000	175,200
Tier III	<u>4,430,500</u>	<u>4,474,800</u>	<u>106,900</u>	<u>150,900</u>	<u>11,000</u>	<u>55,000</u>
	\$77,034,500	\$77,804,800	\$1,857,100	\$2,621,700	\$190,800	\$955,400
2. Two Percent						
Tier I	\$59,053,100	\$60,234,200	\$1,554,300	\$2,718,000	\$289,500	\$1,453,200
Tier II	14,269,700	14,555,100	375,600	656,800	70,000	351,200
Tier III	<u>4,474,300</u>	<u>4,563,800</u>	<u>117,800</u>	<u>206,000</u>	<u>21,900</u>	<u>110,100</u>
	\$77,797,100	\$79,353,100	\$2,047,700	\$3,580,800	\$381,400	\$1,914,500
3. Three Percent						
Tier I	\$59,632,100	\$61,421,100	\$1,699,000	\$3,449,000	\$434,200	\$2,184,200
Tier II	14,409,600	14,841,900	410,500	833,400	104,900	527,800
Tier III	<u>4,518,200</u>	<u>4,653,700</u>	<u>128,800</u>	<u>261,400</u>	<u>32,900</u>	<u>165,500</u>
	\$78,559,900	\$80,916,700	\$2,238,300	\$4,543,800	\$572,000	\$2,877,500
4. Four Percent						
Tier I	\$60,211,000	\$62,619,400	\$1,843,800	\$4,182,700	4579,000	\$2,917,900
Tier II	14,549,500	15,131,500	445,500	1,010,700	139,900	705,100
Tier III	<u>4,562,100</u>	<u>4,744,600</u>	<u>139,800</u>	<u>317,000</u>	<u>43,900</u>	<u>221,100</u>
	\$79,322,600	\$82,495,500	\$2,429,100	\$5,510,400	\$762,800	\$3,844,100
5. Five Percent						
Tier I	\$60,790,000	\$63,829,500	\$1,988,500	\$4,919,500	\$723,700	\$3,654,700
Tier II	14,689,400	15,423,900	480,500	1,188,700	174,900	883,100
Tier III	<u>4,605,900</u>	<u>4,836,200</u>	<u>150,700</u>	<u>372,800</u>	<u>54,800</u>	<u>276,900</u>
	\$80,085,300	\$84,089,600	\$2,619,700	\$6,481,000	\$953,400	\$4,814,700

Funding Under Three-Tier Formula with Waukesha and Monona in Tier II with Mid-Size Systems

3. Delete the current five-tier system and replace it with a three-tier system as follows, effective with 1998 payments: (a) Milwaukee County/User-Side Subsidy and Madison (Tiers I and II under current law) in Tier I; (b) Waukesha City and County, Monona and all other urban bus and Chippewa Falls and Onalaska shared-ride taxi systems (current Tiers III and IV) in Tier II; and (c) all remaining systems (current Tier V) in Tier III. Provide funding at one of the following levels (funding increases for 1997-98 would be split between the old and new tier structures based on calendar year distributions).

a. Provide \$1,666,300 SEG annually as follows to fully fund the 1997 calendar year allocations for each tier and to continue the 1997 payment levels for calendar years 1998 and 1999: (a) \$1,215,600 for Tier I; (b) \$354,800 for Tier II; and (c) \$95,900 for Tier III.

<u>Alternative 3a</u>	<u>SEG</u>
1997-99 FUNDING (Change to Base)	\$3,332,600
[Change to Bill]	\$0]

b. Provide \$2,200,200 SEG in 1997-98 and \$4,389,800 SEG in 1998-99 as follows to provide inflationary increases in the calendar year distributions equal to 2.8% in 1998 and 3.0% in 1999: (a) \$1,605,100 in 1997-98 and \$3,202,600 in 1998-99 for Tier I; (b) \$468,500 in 1997-98 and \$934,700 in 1998-99 for Tier II; and (c) \$126,600 in 1997-98 and \$252,500 in 1998-99 for Tier III.

<u>Alternative 3b</u>	<u>SEG</u>
1997-99 FUNDING (Change to Base)	\$6,590,000
[Change to Bill]	\$3,257,400]

c. Provide \$2,333,700 SEG in 1997-98 and \$5,026,500 SEG in 1998-99 as follows to maintain the estimated calendar year 1997 state share of operating costs in 1998 and 1999: (a) \$1,702,500 in 1997-98 and \$3,667,100 in 1998-99 for Tier I; (b) \$496,900 in 1997-98 and \$1,070,300 in 1998-99 for Tier II; and (c) \$134,300 in 1997-98 and \$289,100 in 1998-99 for Tier III. Increase the calendar year distributions for each tier by 3.5% annually for 1998 and 1999.

<u>Alternative 3c</u>	<u>SEG</u>
1997-99 FUNDING (Change to Base)	\$7,360,200
[Change to Bill]	\$4,027,600]

d. Provide \$3,496,500 SEG in 1997-98 and \$9,718,200 SEG in 1998-99 to provide the following estimated state share of operating costs: (a) 45.0% for Tier I (\$1,863,100 in 1997-98 and \$4,314,900 in 1998-99); (b) 47.5% for Tier II (\$1,110,300 in 1997-98 and \$3,545,400 in 1998-99); and (c) 50.0% for Tier III (\$523,100 in 1997-98 and \$1,857,900 in 1998-99). Replace the current distribution formula (based on combined state and federal aid) with a formula based on providing state aid at fixed percentages of operating expenses, using the percentages identified above for each tier.

<u>Alternative 3d</u>	<u>SEG</u>
1997-99 FUNDING (Change to Base)	\$13,214,700
[Change to Bill]	\$9,882,100]

e. Provide one of the following percentage annual increases in calendar year funding.

	<u>Calendar Year</u> <u>Distribution Amounts</u>		<u>Change to Base</u>		<u>Change to Bill</u>	
	<u>1998</u>	<u>1999</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1997-98</u>	<u>1998-99</u>
1. One Percent						
Tier I	\$56,200,600	\$56,762,600	\$1,354,700	\$1,912,500	\$139,100	\$696,900
Tier II	16,403,300	16,567,300	395,400	558,200	40,600	203,400
Tier III	<u>4,430,500</u>	<u>4,474,800</u>	<u>106,900</u>	<u>150,900</u>	<u>11,000</u>	<u>55,000</u>
	\$77,034,400	\$77,804,700	\$1,857,000	\$2,621,600	\$190,700	\$955,300
2. Two Percent						
Tier I	\$56,757,100	\$57,892,200	\$1,493,800	\$2,612,300	\$278,200	\$1,396,700
Tier II	16,565,700	16,897,000	436,000	762,400	81,200	407,600
Tier III	<u>4,474,300</u>	<u>4,563,800</u>	<u>117,800</u>	<u>206,000</u>	<u>21,900</u>	<u>110,100</u>
	\$77,797,100	\$79,353,000	\$2,047,600	\$3,580,700	\$381,300	\$1,914,400
3. Three Percent						
Tier I	\$57,313,500	\$59,032,900	\$1,632,900	\$3,314,800	\$417,300	\$2,099,200
Tier II	16,728,100	17,229,900	476,600	967,500	121,800	612,700
Tier III	<u>4,518,200</u>	<u>4,653,700</u>	<u>128,800</u>	<u>261,400</u>	<u>32,900</u>	<u>165,500</u>
	\$78,559,800	\$80,916,500	\$2,238,300	\$4,543,700	\$572,000	\$2,877,400
4. Four Percent						
Tier I	\$57,870,000	\$60,184,800	\$1,772,100	\$4,020,100	\$556,500	\$2,804,500
Tier II	16,890,500	17,566,100	517,200	1,173,300	162,400	818,500
Tier III	<u>4,562,100</u>	<u>4,744,600</u>	<u>139,800</u>	<u>317,000</u>	<u>43,900</u>	<u>221,100</u>
	\$79,322,600	\$82,495,500	\$2,429,100	\$5,510,400	\$762,800	\$3,844,100
5. Five Percent						
Tier I	\$58,426,400	\$61,347,700	\$1,911,200	\$4,728,100	\$695,600	\$3,512,500
Tier II	17,052,900	17,905,500	557,800	1,380,000	203,000	1,025,200
Tier III	<u>4,605,900</u>	<u>4,836,200</u>	<u>150,700</u>	<u>372,800</u>	<u>54,800</u>	<u>276,900</u>
	\$80,085,200	\$84,089,400	\$2,619,700	\$6,480,900	\$953,400	\$4,814,600

Prepared by: Cheryl McIlquham

MO# _____

BURKE	Y	N	A
DECKER	Y	N	A
GEORGE	Y	N	A
JAUCH	Y	N	A
WINEKE	Y	N	A
SHIBILSKI	Y	N	A
COWLES	Y	N	A
PANZER	Y	N	A
JENSEN	Y	N	A
OURADA	Y	N	A
HARSDORF	Y	N	A
ALBERS	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
LINTON	Y	N	A
COGGS	Y	N	A

AYE _____ NO _____ ABS _____

To: Joint Committee on Finance
From: Bob Lang, Director
Legislative Fiscal Bureau

ISSUE**Elderly and Disabled Transportation Assistance (DOT -- Local Transportation Aid)**

[LFB Summary: Page 588, #4]

CURRENT LAW

Base funding for elderly and disabled transportation assistance is \$5,749,600 SEG for county assistance and \$2,265,400 (\$712,300 SEG, \$453,100 SEG-L and \$1,100,000 FED) for capital grants.

GOVERNOR

Increase funding for elderly and disabled specialized transportation services as follows:

a. *County Assistance Program.* Increase funding by \$172,500 SEG in 1997-98 and \$350,200 SEG in 1998-99. Total funding would equal \$5,922,100 SEG in 1997-98 and \$6,099,800 SEG in 1998-99.

b. *Capital Grant Program.* Increase funding by \$26,700 (\$21,400 SEG and \$5,300 SEG-L) in 1997-98 and \$54,200 (\$43,400 SEG and \$10,800 SEG-L) in 1998-99. Total funding would equal \$2,292,100 (\$733,700 SEG, \$458,400 SEG-L and \$1,100,000 FED) in 1997-98 and \$2,319,600 (\$755,700 SEG, \$463,900 SEG-L and \$1,100,000 FED) in 1998-99.

DISCUSSION POINTS

1. The bill would provide 3% annual increases in state funding for the county assistance and capital grant programs.

2. Based on the forecast of the economy by DRI/McGraw-Hill, providing inflationary increases of 2.8% in 1998 and 3.0% in 1999 would allow elderly and disabled transportation assistance to be maintained at the same real level. The amount of funding necessary to provide such increases is estimated to be \$161,000 SEG in 1997-98 and \$338,300 SEG in 1998-99 for county assistance and \$19,900 SEG and \$5,000 SEG-L in 1997-98 and \$41,900 SEG and \$10,500 SEG-L in 1998-99 for the capital grant program. Compared to the bill, this would represent decreases of \$13,000 SEG and \$300 SEG-L in 1997-98 and \$13,400 SEG and \$300 SEG-L in 1998-99.

3. A number of individuals provided public testimony in support of funding increases for elderly and disabled transportation assistance, citing a lack of available services for individuals eligible for this program.

ALTERNATIVES TO BASE

1. Adopt the Governor's recommendation to provide \$172,500 SEG in 1997-98 and \$350,200 SEG in 1998-99 for the county assistance program and \$21,400 SEG and \$5,300 SEG-L in 1997-98 and \$43,400 SEG and \$10,800 SEG-L in 1998-99 for the capital grant program.

<u>Alternative 1</u>	<u>SEG</u>	<u>SEG-L</u>	<u>TOTAL</u>
1997-99 FUNDING (Change to Base)	\$587,500	\$16,100	\$603,600
[Change to Bill]	\$0	\$0	\$0]

2. Provide \$161,000 SEG in 1997-98 and \$338,300 SEG in 1998-99 for the county assistance program and \$19,900 SEG and \$5,000 SEG-L in 1997-98 and \$41,900 SEG and \$10,500 SEG-L in 1998-99 for the capital grant program to fund increases equal to 2.8% in 1997-98 and 3.0% in 1998-99.

<u>Alternative 2</u>	<u>SEG</u>	<u>SEG-L</u>	<u>TOTAL</u>
1997-99 FUNDING (Change to Base)	\$561,100	\$15,500	\$576,600
[Change to Bill]	- \$26,400	- \$600	- \$27,000]

3. Provide annual elderly and disabled transportation assistance increases for 1997-98 and 1998-99 at one of the following percentages. Set the county assistance and capital grant appropriations as shown below.

County Assistance Program

	<u>% Annual Increase in Aid</u>	<u>Fiscal Year Amount</u>		<u>Change to Base</u>		<u>SEG Change to Bill</u>	
		<u>1997-98</u>	<u>1998-99</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1997-98</u>	<u>1998-99</u>
a.	1%	\$5,807,100	\$5,865,200	\$57,500	\$115,600	-\$115,000	-\$234,600
b.	2%	5,864,600	5,981,900	115,000	232,300	-57,500	-117,900
c.	4%	5,979,600	6,218,800	230,000	469,200	57,500	119,000
d.	5%	6,037,100	6,339,000	287,500	589,400	115,000	239,200

Capital Grant Program

	<u>% Annual Increase in Aid</u>		<u>Fiscal Year Amount</u>		<u>Change to Base</u>		<u>Change to Bill</u>	
			<u>1997-98</u>	<u>1998-99</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1997-98</u>	<u>1998-99</u>
e.	1%	SEG	\$719,400	\$726,600	\$7,100	\$14,300	-\$14,300	-\$29,100
		SEG - L	454,900	456,700	1,800	3,600	-3,500	-7,200
f.	2%	SEG	726,500	741,000	14,200	28,700	-7,200	-14,700
		SEG - L	456,700	460,300	3,600	7,200	-1,700	-3,600
g.	4%	SEG	740,800	770,400	28,500	58,100	7,100	14,700
		SEG - L	460,200	467,600	7,100	14,500	1,800	3,700
h.	5%	SEG	747,900	785,300	35,600	73,000	14,200	29,600
		SEG - L	462,000	471,400	8,900	18,300	3,600	7,500

Prepared by: Cheryl McIlquham

MO# _____

BURKE	Y	N	A
DECKER	Y	N	A
GEORGE	Y	N	A
JAUCH	Y	N	A
WINEKE	Y	N	A
SHIBILSKI	Y	N	A
COWLES	Y	N	A
PANZER	Y	N	A
JENSEN	Y	N	A
OURADA	Y	N	A
HARSDORF	Y	N	A
ALBERS	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
LINTON	Y	N	A
COGGS	Y	N	A

To: Joint Committee on Finance
From: Bob Lang, Director
Legislative Fiscal Bureau

ISSUE

Lift Bridge Aid (DOT -- Local Transportation Aid)

[LFB Summary: Page 589, #5]

CURRENT LAW

Under current law, lift bridge aids are provided to reimburse municipalities for the actual costs incurred in operating and maintaining swing or lift bridges on connecting highways. Presently, five municipalities operate 10 eligible lift bridges. In 1996-97, \$1,400,000 SEG is provided in a biennial appropriation for these aids. Payments are prorated if costs exceed the appropriation.

GOVERNOR

Decrease funding by \$290,000 SEG in 1997-98 and \$100,000 SEG in 1998-99 to reflect estimated payments. Total funding would be \$1,110,000 SEG in 1997-98 and \$1,300,000 SEG in 1998-99.

MODIFICATION TO BASE

Decrease funding by \$340,000 SEG in 1997-98 and \$50,000 SEG in 1998-99 to provide total funding of \$1,060,000 SEG in 1997-98 and \$1,350,000 SEG in 1998-99.

Explanation: Although the total amount provided over the biennium under the bill appears reasonable, a transfer of \$50,000 from 1997-98 to 1998-99, relative to the bill, would more accurately reflect the amount estimated to be expended each year.

<u>Modification</u>	<u>SEG</u>
1997-99 FUNDING (Change to Base)	- \$390,000
(Change to Bill)	\$0

Prepared by: Cheryl McIlquham

MO# modification

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DECKER	<input checked="" type="radio"/>	N	A
GEORGE	<input checked="" type="radio"/>	N	A
JAUCH	<input checked="" type="radio"/>	N	A
WINEKE	<input checked="" type="radio"/>	N	A
SHIBILSKI	<input checked="" type="radio"/>	N	A
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ALBERS	<input checked="" type="radio"/>	N	A
GARD	<input checked="" type="radio"/>	N	A
KAUFERT	<input checked="" type="radio"/>	N	A
LINTON	<input checked="" type="radio"/>	N	A
COGGS	<input checked="" type="radio"/>	N	A

AYE 16 NO 0 ABS 0

TRANSPORTATION

Local Transportation Aid

LFB Summary Items for Which No Issue Papers Have Been Prepared

Item #

Title

3

Reestimate of Federal Transit Funding

MO# include item
3

2 BURKE	(Y)	N	A
DECKER	(Y)	N	A
GEORGE	(Y)	N	A
JAUCH	(Y)	N	A
WINEKE	(Y)	N	A
SHIBILSKI	(Y)	N	A
COWLES	(Y)	N	A
PANZER	(Y)	N	A
1 JENSEN	(Y)	N	A
OURADA	(Y)	N	A
HARSDORF	(Y)	N	A
ALBERS	(Y)	N	A
GARD	(Y)	N	A
KAUFERT	(Y)	N	A
LINTON	(Y)	N	A
COGGS	(Y)	N	A

AYE 16 NO 0 ABS 0